Instinet
A Nomura Company

Instinet Germany GmbH

Disclosures under Part 6 of the Investment Firms Regulation

As at 31 March 2021

Owner	Torben Starkey CRO
Department	Risk
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Sign off (owner)	Torben Starkey
Approval / Date	IGG Board 15/03/2022

Contents

1. OVERVIEW

1.1 Introduction

The disclosures set out herein have been provided in accordance with articles 46-53 of Part 6 of the Investment Firms Regulation (IFR - Regulation (EU) 2019/2033 of the European Parliament and Council). The purpose of these disclosures is to provide transparency to investors and the wider market.

In accordance with the requirements of the IFR, this document is intended to disclose information relating to Instinet Germany GmbH's risk management objectives and policies, governance arrangements, level of own funds, own funds requirements, remuneration policies and practices and, to the extent they are relevant its investment policy and its exposure to environmental, social and governance risk. Information is disclosed by IGG under these rules, unless it does not apply, or is considered by the Board as being proprietary or confidential information (note: no disclosures have been omitted on these grounds).

1.2 Scope and frequency of disclosure

Disclosures are made in respect of all Instinet Germany GmbH (IGG of the Firm), as at the document's reference date, 31 March 2021.

In accordance with the requirements of the IFR disclosures will be made at least on an annual basis and published on the parent Group's corporate website (https://www.instinet.com/legal-regulatory).

2. CORPORATE STRUCTURE AND BUSINESS OVERVIEW

2.1 Company information

IGG was incorporated on 8 January 2018 in the Federal Republic of Germany. It has a licence to operate as an investment firm provided by the Federal Financial Services Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin). As a licenced entity in Germany

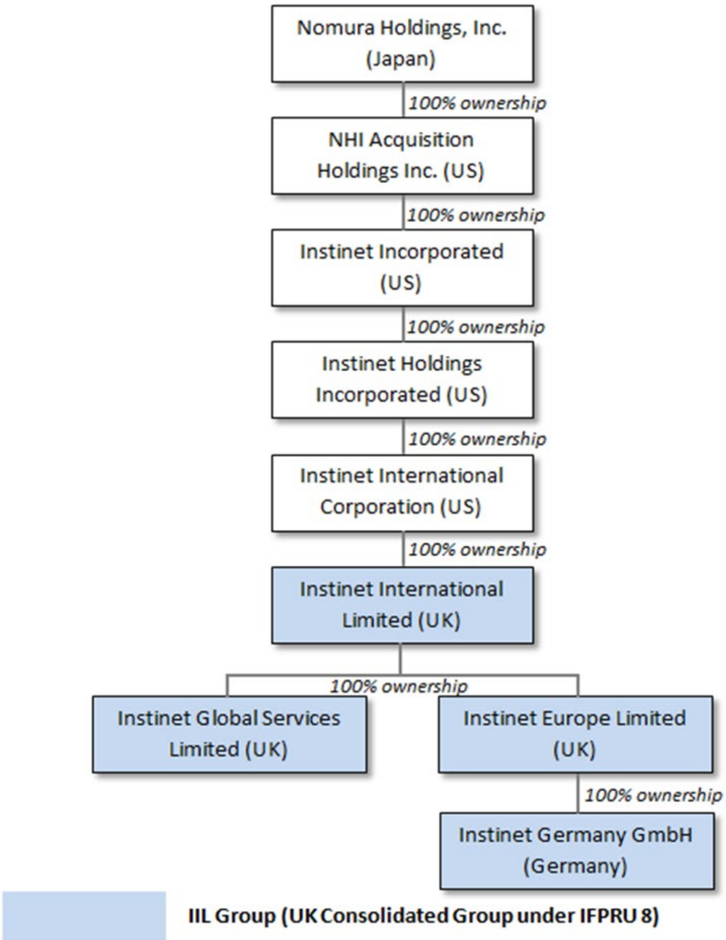
IGG is based in Frankfurt and has a branch in Paris that is regulated by the Autorité des marchés financiers (*AMF*). As at 31 March 2021, the numbers of staff employed was as follows:

Table 2.2.1a – IGG Headcount

Branch	Headcount
Frankfurt	7
Paris	9

The Firm is part of the global Instinet group which itself is the independent equity trading arm of the Nomura Group. IGG's purpose is to undertake regulated investment business within the EEA, facilitating sales to the local client base. IGG is a wholly owned subsidiary of Instinet Europe Limited (IEL) and investment Firm authorised and regulated in the United Kingdom.

The Instinet Group structure is illustrated in the diagram below.



IGG has permission to provide the following investment and ancillary services (in relation to cash equity products) and has passporting rights to provide these services throughout the EEA:

- Reception and transmission of orders in relation to one or more financial instruments; and
- Execution of orders on behalf of clients.

2.2 Business model

Instinet is a global "agency broker" offering institutional clients and market counterparties access to multiple global execution venues through its subsidiaries around the world, via high touch trader worked equity orders and low touch direct client access to electronic trading and algorithms. The Instinet Group provides "agency" trading services, including algorithms, crossing networks, agency sales trading, global portfolio trading and commission management services, as well as access to third-party research.

IGG operates as an "agency brokerage" and, from a regulatory and reporting standpoint, its business is classified as "Riskless Principal". Trading arrangements on European markets are structured such that, whilst it only ever undertakes client business, taking no proprietary positions, the Firm is still required to deal as principal on the market in order to effect client order execution. As such, when executing trades on European markets, IGG is required to buy/sell to the market in a principal capacity and then sell/buy to the client in a principal capacity. Consequently, it will take "positions arising from client servicing" (albeit on a riskless principal basis as the market side and client-side transactions are matched/back-to-backed).

2.3 Business environment

IGG operates in a highly regulated business environment with significant requirements in respect of transaction, financial and regulatory reporting, conduct, risk management and customer service. It is subject to regulations that constantly evolve in response to periods of financial instability, new business practices and economic and political developments and which are becoming more stringent over time in order to promote good practice and stability in the global financial markets.

2.4 Diversity

IGG, and more widely Instinet and Nomura, continue to focus on all aspects of diversity and inclusion. We are committed to creating an inclusive culture that values the difference in our colleagues and creates an environment where all employees are heard and valued. The Firm upholds Instinet's five pillars (the 5 As) of diversity and inclusion:

- Leadership Commitment & Management **Accountability**;
- **Attraction** of Talent from Diverse Backgrounds & Experiences;
- **Advancement** of our People through promotion & mobility opportunities;
- Raising **Awareness** about topics related to Diversity to increase honest and open dialogues;
- Leveraging **Awards and** Recognition opportunities to acknowledge the work our firm and people do daily to enhance our Culture.

To further our commitment to inclusion, diversity & belonging, IGG subscribes to the Group's Inclusion Recognition Programme. This programme aims to increase awareness, engagement and involvement across all aspects of Instinet's diversity & inclusion agenda, inclusive of inclusion networks, Community Affairs opportunities, health & wellbeing resources and volunteering offerings.

3. GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

3.1 Corporate Governance Overview and Objectives

IGG's day to day business activities expose it to strategic, operational and financial risks. The Board accepts that it cannot place a cap or limit on all of the risks to which the Firm is exposed, however effective risk management ensures that risks, including the risk of failure to achieve objectives and implement strategy and the risk of material financial misstatement or loss, are managed to an acceptable level. The Board, through the Risk and Capital Committee, is ultimately responsible for the implementation of an appropriate risk strategy, defining and communicating the Firm's risk appetite, the establishment and maintenance of effective systems and controls and continued monitoring of adherence to risk management policies.

The Board is supported by Risk Management who are responsible for the execution of the Board's risk strategy, including the management of risk appetite, and for supervising, monitoring and supporting the various Risk and Control functions.

It is the aim of the Risk and Control functions to co-ordinate management and reporting of risk. ensuring that risk management is fully integrated into day-to-day activities. The Firm's approach to risk management within the business is set out within the Board approved Risk Appetite Statement and Risk Management Framework.

The business provides periodic feedback to the Risk Function on the adequacy of the risk management processes and standards in relation to their specific business functions, including via the Risk and Control Self-Assessment (RCSA), Front Office Supervision, Incident Management and Stress Testing programmes, as well as through the production of key management information (MI).

As part of the Risk Management Framework, the business is subject to independent assurance by internal and external audit. The use of independent compliance monitoring reviews and risk reviews provide additional support to this integrated assurance and review programme and ensures that the Firm is effectively identifying, managing and reporting its risks.

The IIL Group's Risk Management Framework is designed to ensure that risks are identified and managed within the IIL Group's risk appetite and capital resources. Regulatory capital is monitored closely and reported formally to senior management on a daily basis.

3.2 Governance and oversight

Effective risk management requires a clearly defined risk governance structure, including definitive roles and responsibilities for all individuals involved in the risk management process across the Firm. As well as ensuring clarity of responsibility and accountability, the value that such a framework adds to commercial activities is also acknowledged.

The objectives of the clearly defined governance structure are to:

- Satisfy the needs of the business for proper consideration and decision making;
- To provide clear management support and a monitoring framework to add value to the business and identify and control risks;
- To ensure good governance principals are followed including:
  - Clear remits and definitions of responsibility, authority, accountability and lines of report;
  - Provision of appropriate delegated authority;

  - A framework to facilitate effective checks and balances in the management and oversight processes;
- To allow and encourage effective and constructive challenge of the executive;
- To apply best practice governance principals appropriate to the business.

3.3 Corporate governance structure

3.3.1 The Board

The Board's roles are:

1. Strategy and Management
   - Take responsibility for overall management of the Firm;
   - Define the Firm's risk appetite and tolerances and ensuring that this is embedded throughout all operations;
   - Approve the Firm's long-term objectives and commercial strategy;
   - Approve the annual operating and capital expenditure budgets and any material changes to them;
   - Oversight of all operations and outsourcing arrangements ensuring competent and prudent management, prudent planning, an adequate system of internal controls, adequate accounting and other records, compliance with statutory and regulatory obligations;
   - Review of the management's performance in the light of the Firm's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken;
   - Approve any decision which materially impacts the Firm from any perspective, including, but not limited to, financial, operational, strategic, or reputational;
   - Approve any decision to establish any new business or extend the Firm's activities into new business areas;
   - Approve any decision to cease to operate all or any material part of the business;
2. Structure and Capital
   - Approve major changes to the Firm's structure, governance or management;
   - Approve any changes to the Firm's regulatory or prudential status;
   - Monitor capital and liquidity against defined risk appetite and tolerance;
3. Financial Reporting and Controls
   - Approve the ICAAP Report, annual report and the accounts, dividend policy, any significant changes in accounting policies or practices, approval of auditors' reports;
4. Internal Controls
   - Ensure maintenance of a sound system of internal controls and risk management including receiving reports on, and reviewing the effectiveness of, the Firm's risk and control processes to support its strategy and objectives and undertaking an annual assessment of these processes;
5. Material Commitments
   - Approve major capital projects, contracts which are material strategically or by reason of size, market impact etc., major investments, commencement of litigious proceedings and settlement of claims etc.;
6. Approve shareholder communication, if any;
7. Board Membership and Other Appointments
   - Approve changes to the structure, size and composition of the board;

- Ensure board considers diversity on the board when making additional appointments;
- Selection of the Chairman and the Chief Executive Officer;
- Approve membership of any board committees;
- Approve continuation in office of any director at any time, including the suspension or termination of service of the executive director as an employee, subject to law and their service agreement;
- Appoint and remove the Company Secretary, Chief Risk Officer (if any), external Auditors;
- Approve appointments to the boards of any subsidiaries;

8. Delegation of Authority
    - Set out divisions of responsibility between the Chairman and the Chief Executive Officer (as set out in the roles of responsibility, from time to time amended by the board);
    - Approve the terms of reference for any board committees;
    - Ensure the board has appropriate management information to oversee performance against financial targets, key risk indicators and key performance indicators;
    - Approve the individuals authorised to bind the Firm and set out any conditions to that authorisation;
    - Approve any changes to the above;
9. Policies
    - Approval of corporate policies and procedures which it would be appropriate for the Board to approve;

The Board also has overall responsibility for the Firm's Risk Management Framework, regulatory compliance and internal control framework and for ensuring that they work effectively.

The Board meets on a quarterly basis with additional meetings as required

The Board delegates the day to day responsibilities to the executive management team. In addition, there are a number of committees that the board have delegated responsibility to perform certain functions to.

3.4 Directorships

The table below shows our directors and their number of both internal and external directorships:

Director	Internal directorships	External directorships
Hellfried Schram	1	1
Torben Starkey	1	0

The no directors resigned during the year.

Internal directorships are defined as those within the global Instinet and Nomura groups.

3.5 Three lines of defence

The Firm monitors and manages risk using a three-lines-of-defence model.

The first line is at individual business function level where functions are responsible for identifying, monitoring and escalating risks.

The second line of defence is the Compliance and Risk function. Risks identified by the individual business functions are reported to the Risk Officer and CRO through various MIS reports. The Risk function is responsible for monitoring and updating the Risk Register and escalating key risks to management and where appropriate to the Board.

The third line of defence is Audit (internal and external). The role of Internal Audit is independent of the business with a reporting line to the Board. Internal Audit is responsible for examining, evaluating and making recommendations on the effectiveness and appropriateness of risk management and internal controls across all areas of operations.

Internal Audit will take assurance from the work the second line functions have undertaken and reduce or tailor its review of the first line where appropriate. Internal Audit coordinates its work with Compliance and Risk Management in order to gain this assurance.

3.6 Risk appetite

The Firm's Risk Appetite is defined as the extent and nature of risk that the Board is willing to accept in pursuit of its objectives. A Risk Appetite Statement provides stakeholders with guidance on acceptable levels of risk within which the Firm will operate, in order to safeguard the financial stability of firm and client assets, its impact on the integrity of underlying markets and the jobs of its employees.

The Risk Appetite Statement is the expression of the extent and nature of risk that the Board is willing to accept in pursuit of its objectives.

The objectives of the IGG's Risk Appetite Statement are to:

- Set clear a direction on the extent and nature of risk that the board is willing to accept in pursuit of its objectives;
- Provide top-down messaging on the board approach to risk;

- Give direction as to the types and levels of risk that are acceptable to the firm;
- Identify breaches of appetite and allow the firm to take remedial action to address by adding quantitative measures of appetite where appropriate;
- Provide guidance to employees to enable them to appropriately identify, assess and then assist in defining potential risk mitigations;
- Clarify the requirements of the reporting of business activities that breach the risk appetite levels, and then assist in defining potential risk mitigations.

All risk management policies and procedures issued by the Risk Management function are required to be consistent with the high-level principles established by this statement.

3.7 Principal Risks

IGG segregates its risk assessments into four clear areas, Conduct Risk, Strategic Risk, Financial Risk and Operational Risk.

3.7.1 Conduct Risk

Conduct Risk is defined as the risk of risk of, damaging, undermining, compromising or threatening compliance with Instinet's Conduct Expectations through any direct/indirect contact/action, or omission. Conduct risk includes the risk of failing to manage conflicts of interest.

The Firm expects its staff to act with honesty, integrity and appropriate due diligence at all times in order to protect the Firm, its assets, its clients and the wider market.

All employees have a responsibility to uphold the standards set out in the Firm's Code of Conduct policy. Compliance with the policy is monitored and is a term and condition of employment.

3.7.2 Strategic Risk (Delivery of Strategic Objectives)

Strategic risk is defined as uncertainty impacting on the Firm's goals and objectives. It is a risk which may cause damage or loss to the Firm as a whole.

The management of strategic risk is the responsibility of the Board.

3.7.3 Financial Risk Management (Capital and Liquidity Adequacy, credit and market risk and Earnings Stability)

Financial risk management is defined as the process by which the Firm evaluates and manages current and possible financial risks as a method of maintaining its exposure to those risks within the Board approved risk appetite. The Board defines key financial risks as the risks associated with maintaining adequate capital and liquidity resources, and managing potential short-term market risk exposures arising on settlement default.

3.7.4 Operational Risk Management (Stakeholder Confidence (Brand and Reputation, and Legal and Regulatory Compliance) and Operational Effectiveness)

Operational risk management is defined as the management of risk of loss resulting from inadequate or failed processes, people or systems or from external events (Basel Committee 2004). This Basel Committee definition includes legal risks but excludes strategic and reputational risk. For completeness IGG includes brand and reputational risk within its operational risk considerations.

Key operational risks considered include regulatory and conduct risk, people, IT and business continuity. IGG also aligns its management of other risks, including Group and Concentration risk, with its management of Operational Risk.

3.8 Other Risks

The Firm continues to monitor and manage its other risks as defined in its Risk Management Framework, ensuring consistency of assessment, monitoring and reporting.

These risks include:

- Concentration Risk;
- Risk to assets exposed to activities associated with environmental or social objectives;
- Strategic Business Risk;
- Group Risk

4. OWN FUNDS AND MINIMUM OWN FUNDS REQUIREMENTS

4.1 Own funds

The Firm's own funds at 31 March 2021 are summarised in table 4.1 below.

Common equity tier 1 capital

The Firm's regulatory capital consists entirely of CET1 capital, made up of m of fully paid-up ordinary shares, audited retained earnings and other reserves.

Ordinary shares carry voting rights and are 100% owned by Instinet Europe Limited, incorporated in the United Kingdom. The ultimate parent company is Nomura Holdings, Inc, of Japan.

Capital deductions

Own funds are subject to the following deductions from CET1:

- Deduction of intangible assets;
- Deduction of free-of-payment deliveries.

Table 4.1.1 Own funds

Own funds	31 March 2021 €m	31 March 2020 €m
Common equity Tier 1 (CET1) capital instruments and reserves		
Capital instruments and related share premium accounts	**7.0**	**7.0**
- Ordinary shares	*7.0*	*7.0*
-Share premium	*0.0*	*0.0*
Retained earnings	1.0	0.1
Other reserves	41.5	0.0
CET1 capital before regulatory adjustments	**49.5**	**7.1**
CET 1 capital regulatory adjustments		
Intangible assets	(2.0)	(0.0)
Free of payment deliveries deducted from CET1	(0.0)	(0.0)
CET1 capital	**47.5**	**7.1**
Total own funds	**47.5**	**7.1**

The increase in own funds reflects the inclusion of audited profits for the period ended 31 March 2021.

Table 4.1.2 Reconciliation of total own funds to shareholders' equity

Category	31 March 2021 €m	31 March 2020 €m
Shareholders' equity per financial statements		
Called up share capital	7.0	7.0
Share premium	0.0	0.0
Retained earnings	1.0	0.1
Other reserves	41.5	0.0
Less regulatory adjustments for own funds		
Intangible assets	(2.0)	(0.0)
Free of payment deliveries	(0.0)	(0.0)
Total own funds	**47.5**	**7.1**

4.2 Own funds requirements

Article 11 of the IFR stipulates that investment firms shall at all times have minimum own funds equivalent to the higher of:

- Permanent Minimum Requirement (PMR) – a flat minimum requirement of €750k;
- Fixed Overheads Requirement (FOR) – one-quarter of the fixed overhead costs of the previous year. This is an amount used as a proxy for sufficient funds to begin wind-down in an orderly way;
- K-Factor Requirement (KFR) – the amount of own funds sufficient to cover the risk of harm from the ongoing operation of the Firm's business.

The k-factors are attributed to three risks: categories:

- RtC: risk to client;
- RtM: risk to market;
- RtF: risk to firm;

The capital requirement from the K-factor formula is the sum of RtC, RtM & RtF. To capture each of these three components firms are required to use their own metrics (below) multiplied by prescribed K-factors.

Risk type	K-factor	Co-efficient	Summary
Risk-to-Customers (RtC): quantification of the potential harm the firm may pose to its customers	K-AUM (assets under manage-ment)	0.02%	Value of assets that a firm manages for its customers. N/A
	K-CMH (client money held)	0.4% (on segregated accounts) 0.5% (on non-segregated accounts)	Amount of client money that a firm holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime

			applicable to client money.
	K-ASA (safeguarded assets)	*0.04%*	Value of assets that a firm safeguards and administers for clients, irrespective of whether assets appear on the firm`s own balance sheet or third-party accounts.
	K-COH (client orders handled)	0.1% (cash trades) 0.01% (derivatives)	Value of orders that an investment firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients.
Risk-to-Market (RtM): K-factor requirement for trading book positions but this includes other positions where these give rise to FX risk	K-NPR (net position risk)	Standardised approach (per CRR)	Position risk charge calculated using standardised approach Intercompany positions are eliminated on consolidation. Positions may only be aggregated across Group companies with permission (i.e. NPR positions are additive)
	K-CMG (clearing member guarantee)	N/A	This is the amount of the total margin required by a clearing member or qualifying central counterparty.

			Requires permission from the FCA: MIFIDPRU 4 Annex 7
Risk-to-Firm (RtF): quantification of a firm's exposure to the default of its trading partners	K-TCD (trading counter-party default)	α * (exposure value-collateral) * CVA α = 1.2 Exposure value = Max(0,(RC+PFCE-C))	Exposure in the trading book of a firm in instruments and transactions giving rise to risk of trading counterparty default.
	K-DTF (daily trading flow)	0.1% (cash trades) 0.01% (derivatives)	Daily value of transactions that a firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that a firm handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already taken into account in the scope of K-COH.
	K-CON	N/A	Exposure in the trading book of a firm to a client or group of connected clients which exceeds the limits in the IFR.

The following Risk Types and K-Factors are not applicable to the Firm's business model:

- K-AUM: The Firm manages no assets;

- K-ASA: The Firm, although it holds client money, operates no safeguarding accounts;
- K-COH: Client orders are calculated under the K-DTF factor;
- K-CMG: No margin is placed with CCPs;
- K-TCD: The Firm is not exposed to counterparty credit risk;
- K-CON: The Firm has no trading book.

The Firm calculates its minimum own funds requirements on a daily basis in accordance with the requirements set out in Parts Three and Four of the IFR. A summary report, which includes variance analysis and points of note, is distributed widely to key management.

As at 31 March 2021 the Firm's own funds requirements were as follows:

Table 4.2.1 Minimum own funds requirements

	31 March 2021 Capital requirement €m	31 March 2020 Capital requirement €m
Permanent minimum requirement	**0.8**	**0.8**
Total K-factor requirement	**2.0**	**0.0**
Risk-to-Client (RtC)	*0.0*	*0.0*
Risk-to-Market (RtM)	*0.0*	*0.0*
Risk-to Firm (RtF)	*2.0*	*0.0*
Fixed overheads requirement	**9.3**	**2.1**
Own funds requirement	**9.3**	**2.1**

The Firm is required, at all times, to satisfy the following minimum own funds requirements:

- Common Equity Tier 1 capital ratio ≥ 56%;
- Tier 1 capital ratio ≥ 75%; and
- Total capital ratio ≥ 100%.

The Firm's capital ratios as at 31 March 2021 and 31 March 2020 are summarised below:

Table 4.2.2 Capital ratios

	31 March 2021 %	31 March 2020 %
Risk-based capital ratios as a percentage of risk-weighted assets		
Common equity tier 1 capital ratio	510.2%	331.7%
Tier 1 capital ratio	510.2%	331.7%
Total capital ratio	510.2%	331.7%

Additionally, the Firm undertakes an assessment of the financial impact of any harm that is not covered by its PMR, FOR or KFR in determining its Total Own Funds Requirement in its annual Internal Capital Adequacy Assessment Process.

5. THE INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

In addition to the minimum own funds requirements, calculated under the requirements of the IFR, the Board assesses whether IGG needs to hold further capital to mitigate other potential harms that may arise in relation to its activities. This includes an assessment of how a severe but plausible economic or idiosyncratic stress could affect its ability to meet its capital requirement.

IGG uses plausible hypothetical scenarios to identify and assess whether any additional capital is required to support its current and future activities, in accordance with article 50 of the IFR. These scenarios are also used to establish any requirement to hold additional own funds should non-business-as-usual (non-BAU) scenarios result in the regulatory capital and liquidity requirements being over and above the minimum calculated.

Further, as well as assessing the adequacy of capital held against the risks to which the Firm is exposed, IGG also considers actions that management would take under these scenarios to mitigate the need for any additional capital and liquid assets holdings.

The ICAAP is reviewed and approved by the Board at least annually. It is a live document consequently, if significant business changes occur between annual review dates, the ICAAP is amended and resubmitted for review and approval.

6. REMUNERATION DISCLOSURE

IGG does not benefit from the derogations laid down in Article 32(4) of the Investment Firms Directive (Directive (EU) 2019/2034 (IFD)) and, consequently, is subject to the disclosure requirements set out in Article 51 of the IFR.

6.1 Remuneration policy and process

For the period ending 31 March 2021, IGG's remuneration policies and processes were subject to the oversight of the Remuneration Committee established by its immediate parent, Instinet Europe Limited. This committee comprises of the Global Head of Human Resources, the Non-Executive Chairman and two Non-Executive Directors. The duties, as documented in the Terms of Reference of the Remuneration Committee (the "Committee"), are set out below:

- The Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Firm's employees (the "Remuneration Policy"). No director or manager shall be involved in any decisions as regards to their own remuneration;
- In determining the Remuneration Policy, the Committee shall take into account all factors which it deems necessary, including, but without limitation, its regulatory obligations as an entity regulated by the BaFin and appropriate incentives to encourage enhanced performance;
- The Committee shall review the ongoing appropriateness and relevance of the Remuneration Policy;
- The Committee shall:
    - a. review and note annually the remuneration trends across the Firm; and
    - b. oversee any major changes in employee benefit structures throughout the company.
- The Committee shall obtain reliable, up to date market information about remuneration. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
- The Committee shall consider such other matters as may be requested by the Board.

6.2 Relevant staff

Remuneration disclosures cover relevant staff as defined by Article 30(1) of the IFD:

"categories of staff, including senior management, risk takers, staff engaged in control functions and any employees receiving overall remuneration equal to at least the lowest remuneration received by senior management or risk takers, whose professional activities have a material impact on the risk profile of the investment firm"

Material risk takers are identified on both qualitative and quantitative criteria with reference to EBA Regulatory Technical Standards.

6.3 Link between pay and performance for relevant staff

Remuneration for employees is made up of fixed pay (i.e. salary and benefits) and performance-related pay based on individual, Firm and Group performance. The variable bonus pool is set by the Firm's immediate parent company in consultation with its ultimate parent company. Instinet Europe's senior management team proposes individual allocation based on, inter alia, appraisals. The appraisal takes into account consideration of regulatory compliance and risk behaviour. Proposals are then submitted to the Committee for approval. Bonuses are completely discretionary, so the structure of the remuneration package is such that the Firm can operate a truly flexible bonus policy.

Employees engaged in risk and control functions are independent of the business units they oversee. Their remuneration, both fixed and variable, is determined centrally with no involvement from the front-line business.

6.4 Remuneration disclosure

For the Performance Period to 31 March 2021, the aggregate total compensation paid to all IGG's 16 staff was €1.6m

	IGG Remuneration €'000
Number of employees	**16**
Total remuneration	1,557
of which:	
- fixed	1,150
- variable	407
- ratio of fixed to variable pay	74% Fixed 26% Variable
Deferred remuneration awarded for previous periods	0
of which:	
- vesting in the financial year	N/A
- amounts vesting reduced through performance adjustments	N/A
- vesting in the subsequent financial years	N/A
Severance payments	0
of which:	
- awarded in previous periods	N/A
- awarded during the financial year	N/A
of which:	N/A
- paid upfront	N/A
- deferred	N/A
- number of beneficiaries	N/A
- highest single payment	N/A

7. Investment policy

IGG does not take proprietary positions and, therefore, holds no shares, either directly or indirectly, in companies whose shares are admitted to trading on a regulated market. Consequently, the disclosure requirements under Article 52 of the IFR are not applicable to the Firm.

8. Environmental, social and governance risks

Environmental, social and governance (ESG) risks are risks of any negative financial impact stemming from the current or prospective impacts of ESG factors on counterparties or invested assets or on the solvency of an entity.

ESG disclosures cover the following:

8.1 Environmental matters

The Board considers the potential for a negative financial impact from current or prospective (climate related) environmental factors on counterparties or invested assets.

- *Physical risk:* Climate change indicates more frequent or severe weather disasters such as flooding, droughts and storms that bring ‘physical risks’. The Firm however, has minimal banking book exposures, with the exception of settlement positions, consequently it is not invested in assets in sectors or geographies subject to chronic or acute climate related hazard;
- *Transition risk*: The risk attributed to the cost of shifting values and asset prices when moving towards a less polluting, greener economy. As the Firm is not invested in any medium- of long- term assets its risk of exposure to counterparties negatively impacted by transition to a low carbon economy due to government policy, behavioural (consumer preference) or technological changes is minimal e.g. IGG has no exposures to carbon intensive firms on its balance sheet;
- *Liability risk:* The Board does not consider the Firm to be at risk from the threat of litigation from parties who could suffer loss or damage from climate change.

8.2 Social and employee aspects

IGG believes that it has a responsibility to ensure that its business is conducted in an ethical way and it actively addresses social issues. As part of this process, a Modern Slavery and Human Trafficking Standard (the ”MSA Policy”) is in place, which seeks to identify and manage slavery and human trafficking risk in our business and supply chains. In addition, IGG is subject to the Nomura Corporate Social Responsibility and Code of Ethics Policy.

The Board considers the potential negative financial impacts of a failure to address social issues on:

- Hiring and recruiting;
- Professional development (career management and employability, remuneration system and training);
- Diversity and inclusion (its diversity strategy addresses equal treatment in employment and occupation including age, gender, sexual orientation, religion, disability, ethnic origin and other relevant aspects).

8.3 Governance

IGG, and its wider group, are continually considering how the integration of the effects of ESG factors and risks, in both governance arrangements and in the risk appetite framework, should be further addressed.

ESG factors, amongst others, are considered when reviewing:

- Corporate governance policies, frameworks and codes;
- Privacy and data security policies;
- The criteria applied when selecting directors;

Additionally, IGG takes all reasonable and necessary steps in the prevention of Financial Crime risks affecting the Firm, its clients, and the wider market by implementing controls relating to bribery, corruption, fraud, money laundering, terrorist financing, tax evasion and/or the contravention of financial Sanction law.

8.4 Qualitative and quantitative disclosure templates

Both qualitative and quantitative ESG disclosures will be mandatory for class 2 investment firms for accounting periods commencing 22 December 2022 (Article 35 IFD). The EBA has published draft ITS on Pillar 3 disclosures on ESG risks, however these disclosures have been designed to apply to, and will only be mandated for, large institutions that have issued instruments traded on regulated markets, a population that does not include IGG. The Board consider that the current EBA draft disclosure templates have very limited applicability to the Firm's business model and, consequently, the Firm will await further guidance on the required ESG disclosures for class 2 investment firms.

Contact information

Should you require any further information, please contact:

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APPENDIX 1: OWN FUNDS DISCLOSURE

	Table 1: Capital instruments main features	Common equity
1	Issuer	Instinet Germany GmbH
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Germany
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Common shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€7.0million
9	Nominal amount of instrument	€1.0
9a	Issue price	€1.0
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	8 January 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior regulatory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	*Write-down features*	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to senior creditors
36	Non-compliant transitional features	No
37	If yes, specify non-compliant features	N/A